

STATE OF TEXAS §  
COUNTIES OF ARANSAS §  
SAN PATRICIO AND NUECES §  
CITY OF ARANSAS PASS §

On this the 4<sup>th</sup> day of December, 2006 the City Council of the City of Aransas Pass convened in a Regular Council Meeting being open to the Public at the regular meeting place thereof in the City Hall and notice of said meeting giving the time, place, date and subject hereof having been posted and prescribed by Chapter 551 of the Texas Government Code with the following attendance to wit constituting a quorum.

PRESENT: Frank Hametner, Mayor  
Tommy Knight, Mayor Pro Tempore  
Grace Chapa, Council Member  
Jay Attaway, Council Member  
Vickie Abrego Council Member

ABSENT: None

ADMINISTRATIVE  
PERSONNEL PRESENT: Mike Sullinger, Interim City Manager  
Allen Lawrence, City Attorney  
Ada Owens, City Secretary

ADMINISTRATIVE  
PERSONNEL ABSENT: None

STAFF PRESENT: Darrell Jones, Police Chief  
Darren Gurley, Public Works Director  
Gilbert Ritz, Fire Chief

OTHERS PRESENT: Don & Jeanie Brummett, J.W. Peer, Ralph & Lu Arcemont, Curtis Cryer, Ann P. Melton, Lou McCleese, Jim Garner, Ernie Torres, Patty Gilden, Rose Mary Upton, Jim & Alpha Covington, Harland & Elizabeth Roberts, Nan & Bob Herndon, Don & Bunny Williams, Billy Ellis, Jim Alton, Richard Smith, Marilyn Rimer, Earl Buckmaster, Colleen Abshire, Jen Jones, Rudy Abrego, Eva Young, Adan Chapa, Manuel Buentello, Linda Beeker, Dennis Lugg, Belinda Ritz, Cameron Herndon

(There may have been others present who did not sign in.)

**ITEM 1. CALL MEETING TO ORDER.**

Mayor Hametner called the meeting to order at 7:00 p.m. on December 4, 2006.

**ITEM 2. INVOCATION AND PLEDGE OF ALLEGIANCE TO THE UNITED STATES FLAG AND THE TEXAS FLAG.**

City Manager Mike Sullinger gave the Invocation.

Mayor Pro Tempore Knight led the Pledge of Allegiance to the United States Flag and the Texas Flag.

**ITEM 3. CITIZENS COMMENTS**

There were none.

**ITEM 4. CONSIDER AND ACT ON APPROVAL OF PROCEEDING WITH A REFUNDING OF CERTAIN OUTSTANDING DEBT OBLIGATIONS IN ORDER TO PROVIDE SAVINGS**

**TO THE CITY BY ISSUING REFUNDING BONDS AT A LOWER INTEREST RATE.  
PRESENTATION BY MARK MCLINEY, FINANCIAL ADVISOR TO THE CITY.**

Mr. Mark McLiney, the City's financial advisor, stated at the October 2, 2006 City Council meeting, he had discussed certain obligations the City had outstanding and at that time the total savings was \$223,000.00 and the present value savings is 3.41%. The City Council had requested that he look for a better rate for refunding the City's outstanding obligations.

Mr. McLiney explained the refunding process which would save the City \$169,985.27 and gave his summary:

**SUMMARY OF REFUNDING RESULTS**

**Refunding Bonds, Series 2007**

Dated Date	01/11/2007
Delivery Date	01/11/2007
Arbitrage yield	4.029724%
Escrow yield	4.029457%
Bond Par Amount	4,435,000.00
True Interest Cost	4.029724%
Net Interest Cost	4.030000%
Average Coupon	4.030000%
Average Life	11.523
Par amount of refunded bonds	4,245,000.00
Average coupon of refunded bonds	5.007736%
Average life of refunded bonds	11.869
PV of prior debt to 01/11/2007 at 4.029724%	4,714,178.77
Net PV Savings	169,985.27
Percentage savings of refunded bonds	4.004364%
Percentage savings of refunding bonds	3.832813%

Mr. McLiney stated since the City had already budgeted their bond payments for the fiscal year, there would be no savings this year.

Mayor Pro Tempore Knight made the motion to approve proceeding with a refunding of certain outstanding debt obligations in order to provide savings to the City by issuing refunding bonds at a lower interest rate. Council Member Jay Attaway seconded the motion and the motion carried unanimously.

**ITEM 5. CONSIDER AND ACT ON REQUEST OF THE CHAMBER OF COMMERCE FOR THE CITY TO INSTALL CHRISTMAS LIGHTS, PROVIDED BY THE CHAMBER OF COMMERCE, ON A PORTION OF COMMERCIAL STREET.**

Ms. Jen Jones with the Rialto Theatre and Ms. Shelly Ybarra with the Chamber of Commerce addressed the Council with their request for assistance from the City to install Christmas lights on the light poles in the downtown area. The Chamber had raised \$7,200.00 from donations and the Chamber wanted to take a multi-year approach to improve the downtown area by adding more decorations during the Christmas season. Ms. Ybarra stated the Chamber needed the City's continued support and assistance to install and remove the lights, provide electricity, and funds to buy additional lights. The Chamber had received sponsorship from local businesses and had enough money for this year.

Mayor Hametner asked Ms. Jones if they were asking the City to install and remove the lights and pay the electric bill for the lights.

Ms. Jones stated yes.

Public Works Director Darren Gurley stated there would not be an additional charge for the lights since the City pays a flat rate for the street lights.

Council Member Chapa suggested the street sweeper be used to clean the downtown streets when the lights are installed.

Mr. Sullinger stated the Chamber would like the Council to consider funding some Christmas decorations for next year.

Mayor Hametner stated the Council could consider a line item for the decorations next year.

Mayor Pro Tempore Knight made the motion that the City install and remove the Christmas lights that decorate the light poles downtown for the Chamber of Commerce. Council Member Abrego seconded the motion and the motion carried unanimously.

**ITEM 6.**      **CONSIDER AND ACT ON RECOMMENDATION OF CHIEF OF POLICE DARRELL JONES TO ACCEPT THE BID OF TEXAS SERVICE INDUSTRIES FOR THE PURCHASE OF A GENERATOR FOR CITY HALL. THIS ITEM IS BUDGETED FOR FY 2006-2007.**

Police Chief Darrell Jones stated he had received two bids for a generator for City Hall/Police/Fire/Municipal Court complex. The quotes did not include installation and offloading but both companies would charge the same price. Chief Jones recommended the City purchase a natural gas generator from Texas Service Industries which was a local company and the lowest bidder.

Council Member Agrego asked if there was a source of natural gas for the generator in place.

Chief Jones stated a gas line would have to be installed.

Mr. Jimmy Peer offered to contribute a large butane tank for the generator and keep it filled during a storm.

After discussion Council Member Attaway made the motion to purchase the natural gas generator from Texas Service Industries. Council Member Chapa seconded the motion and the motion carried unanimously.

Council Member Chapa congratulated Chief Jones on funds the Police Department had received.

Chief Jones stated the Police Department had received \$130,000.00 from the Drug Enforcement Agency for equipment and training.

**ITEM 7.**      **CONSIDER AND ACT ON AUTHORIZING THE CITY MANAGER TO ADVERTISE FOR BIDS FOR THE CITY'S OFFICIAL LOCAL NEWSPAPER.**

Council Member Attaway made the motion to authorize the City Manager to advertise for bids for the City's official local newspaper. Mayor Pro Tempore Knight seconded the motion and the motion carried 4 to 1 with Mayor Hametner voting yes, Mayor Pro Tempore Knight voting yes, Council Member Attaway voting yes, Council Member Abrego voting yes and Council Member Chapa voting no.

**ITEM 8.**      **CONSIDER AND ACT ON AUTHORIZING THE CITY MANAGER TO ADVERTISE FOR APPLICATIONS FOR THE 2007 CHARTER REVIEW COMMISSION.**

Mayor Pro Tempore Knight stated in odd-numbered years the Charter was to be reviewed and there were revisions that needed to be made. He stated he would like to see the Commission selected the first part of January and the revisions, if any, be put on the May ballot.

After discussion, Mayor Pro Tempore Knight made the motion to authorize the City Manager to advertise for applications for the 2007 Charter Review Commission. Council Member Attaway seconded the motion and the motion carried unanimously.

**ITEM 9**

**CONSIDER AND ACT ON APPOINTING AN ASSOCIATE JUDGE FOR THE MUNICIPAL COURT.**

Mayor Hametner stated there were applications for Associate Judge from Ms. Donna Cox and Mr. Juan Torres.

Council Member Chapa stated the Council had discussed having a “floater” from other cities serve as needed in Municipal Court. She asked if the Council had checked into that?

Mayor Hametner stated not to his knowledge, but someone was needed now.

Mayor Pro Tempore Knight asked Mr. Sullinger for his opinion.

Mr. Sullinger stated an alternate judge was definitely needed. He had tried to contact Judge Deal from Ingleside and Judge Lewis, a local judge, to act as a “floater” without success. He stated being in three counties complicated the disposition of prisoners and he strongly suggested appointing an associate judge.

Council Member Attaway made the motion to appoint Ms. Donna Cox as Associate Judge of the Municipal Court effective immediately. Mayor Pro Tempore Knight seconded the motion and the motion carried unanimously.

**ITEM 10.**

**CONSIDER AND ACT ON ACTION OF JESUS GALVAN IN EXECUTION AND DELIVERY OF DOCUMENTS RELATING TO THE PROPOSED SALE OF CITY OWNED PROPERTY.**

Mayor Pro Tempore Knight stated it had come to his attention that there was a purported contract on the sale of Conn Brown Harbor signed and executed sometime late October and earnest money given to Stewart Title.

City Attorney Allen Lawrence stated the earnest money funds for the purported contract were deposited on October 31.

Mayor Pro Tempore Knight stated the Council never acted on that (contract) and he was on the Council at that time. He stated the City Attorney should be authorized to notify Stewart Title and the City should return the earnest money.

Council Member Chapa asked did anyone (present) have a signed contract?

Mr. Sullinger stated evidently Stewart Title had a contract ready for the City to sign.

Mayor Hametner stated there should be a copy of the contract that Mr. Galvan had signed before the Council authorized a contract to be signed.

Mayor Pro Tempore Knight stated he thought Mr. Galvan was authorized by the Council to sign a contract with APDG L.L.C.

Council Member Attaway stated that was an MOU (Memorandum of Understanding).

Council Member Chapa stated Mr. Galvan was authorized to sign dependent on the exhibits (to the contract).

The City Attorney stated on approval of the exhibits and the financial information that was to be submitted to Mr. Mark McLiney (Southwest Securities).

Mayor Pro Tempore Knight stated a few days before the purported contract was signed the name of the corporation was changed to LTD (APDG LTD) and the Council never acted on the different company.

Mayor Hametner stated there had been four names for the corporation.

The City Secretary gave Mayor Hametner a copy of the purported contract.

The City Attorney stated this contract is between the City and Aransas Pass Development Group Limited, a Texas limited partnership. The contract is signed Jesus R. Galvan, Mayor of the City of Aransas Pass, Texas and is not dated. And signed by William G. Vernon and Juan Villanueva for Aransas Pass Development Group Limited, a Texas limited partnership, as a witness, and is not dated, but was delivered to the title company (Stewart Title) October 31.

Mayor Hametner stated that to his knowledge, the Council never approved the sale and lease agreement. The contract was contingent upon all the exhibits being presented to the Council with the financials and the Council was to find out about Bayou Sound Investments LLC, which the Council had never heard of before. He stated the Council needed a list of all the names the company had gone through from the initial deal which was with VIG, down to the present contract which is with Aransas Pass Development Group LTD, a Texas Limited partnership, which is a totally new company than the Council dealt with before. Mayor Hametner asked the City Attorney was that was right?

The City Attorney answered that was right. He stated the contract was signed by Mr. Vernon, which no one knew was involved at that time.

Council Member Chapa stated the new Council Members should review the contract before they make a decision.

Council Member Agrego asked Mayor Hametner was he saying this particular contract was not authorized by the former City Council?

Mayor Hametner stated it was not authorized.

Council Member Chapa stated the contract was authorized, the Council authorized the Mayor to sign contingent on the exhibits, and the exhibits were provided.

Mayor Hametner stated the exhibits were never presented to the Council for final approval. There is no 3-80 agreement which was required in the contract and there is no 3-80 agreement at this time and the contract is no good without those items being approved by the Council. Mayor Hametner suggested the Council act in the strongest manner possible to terminate, reject and end the City's relationship with these companies and this contract.

The City Attorney stated there was nothing to terminate because there was no contract. A contract was not authorized by the Council.

Mr. Sullinger asked would the City give the money back to Stewart Title?

The City Attorney stated the City Manager would tell Stewart Title the Mayor (Jesus R. Galvan) was not authorized to sign the contract.

Mayor Pro Tempore Knight made the motion to authorize the City Attorney and/or the City Manager to contact all other parties involved and inform them that the Mayor (Jesus R. Galvan) was not authorized to sign the purported contract and there is no valid contract. Council Member Attaway seconded the motion and the motion was carried 4 to 1 with Mayor Hametner voting yes, Mayor Pro Tempore Knight voting yes, Council Member Attaway voting yes, Council Member Agrego voting yes and Council Member Chapa voting no.

**ITEM 11. CITY MANAGER'S REPORT.**

Mr. Sullinger reported the Christmas tree lighting was a success with approximately 300 people enjoying Christmas carols, a toy give away, and a hay ride. He thanked the Chamber Commerce, the Fire Department and all the businesses that contributed.

Mr. Sullinger stated the City was in the process of an interim audit that should take about two weeks. The audit would give the City an idea of the City's financial situation and make sure no funds were misappropriated. The annual audit had started and would be finished in March.

The City Manager stated he had some excellent suggestions from citizens. He encouraged the public to come by his office and give him their ideas. He stated he was using the funds that were budgeted for lunches with the City Manager and Council for the employee's Christmas party.

**ITEM 12. RECESS REGULAR MEETING AND RETIRE TO EXECUTIVE SESSION PURSUANT TO CHAPTER 551 OF TEXAS GOVERNMENT CODE.**

Recessed into Executive Session in Municipal Court at 8:00 p.m.

- A. Section 551.071, Consultation with Attorney – Electrotex vs City of Aransas Pass.

**ITEM 13. RECONVENE IN REGULAR MEETING AND CONSIDER AND ACT ON FINDINGS OF EXECUTIVE SESSION.**

Reconvened into Open Session at 8:37 p.m.

- A. Section 551.071, Consultation with Attorney – Electrotex vs City of Aransas Pass.

Council Member Attaway made the motion to authorize the City Attorney to proceed with the settlement process with Electrotex. Mayor Pro Tempore Knight seconded the motion and the motion carried unanimously.

**ITEM 14. ADJOURNMENT OF MEETING.**

Council Member Attaway made the motion to adjourn the meeting. Mayor Pro Tempore Knight seconded the motion and the motion carried unanimously.

Mayor Hametner adjourned the meeting at 8:40 p.m.

ATTEST:

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Frank C. Hametner, Mayor

Ada Owens, City Secretary